



## Press Release

COMMISSIONER'S OFFICE

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*Media Contact: Lacy Wilcox, Communications Assistant, 907.465.2301*

# More Royalty Revenue to go to Permanent Fund, HB 11 Repealed

Juneau- Beginning in October, 50 percent of the royalties generated from mineral leases issued after December 1, 1979 will be placed in the Alaska Permanent Fund, increasing from the 25 percent that has been transferred since 2003. The increase is due to the automatic repeal of HB 11, passed in 2003, which temporarily set the rate at 25 percent, down from the original rate of 50 percent.

Article IX, Section 125 of Alaska's Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds and federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund.

Under legislation passed in 1980, 50 percent (instead of the constitutionally required 25%) of the royalties from mineral leases issued after December 1, 1979 was placed in the Alaska Permanent Fund. In 2003, at a time when oil prices were low and the state was concerned over finances, the 1980 legislation was modified by the passage of HB 11 which became effective on August 15 2003. Since August 15, 2003, 25 percent of rents and royalties from all leases have gone to the Permanent Fund.

HB 11 had conditional repeal language that provided that when the cumulative effect of the reduction in deposits to the Permanent Fund caused by HB 11 resulted in a \$20 or more reduction in the Permanent Fund Dividend, HB 11 would be repealed and the deposit amounts would return to 50 percent. The calculated reduction of the 2008 dividend was \$23.67, exceeding \$20, and HB 11 is repealed as of October 1, 2008.

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